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(1) Gaps between New Komeito and LDP seen in Diet interpellations

YOMIURI (Page 4) (Full)
January 31, 2007

A subtle rift has developed between the New Komeito and the Abe government. At a question-and-answer session yesterday, New Komeito Chief Representative Akihiro Ota sought to constrain and even made special requests to Prime Minister Shinzo Abe. According to opinion polls conducted by the Yomiuri Shimbun, the Abe cabinet's disapproval rating among New Komeito's supporters has gradually increased. The coalition of the LDP and New Komeito has begun to weaken.

Ota urged Abe twice to tackle welfare and labor issues in a positive manner. He apparently tried to call on the prime minister to work positively to resolve immediate problems, admonishing Abe for

attaching priority to constitutional reform.

Ota fell in line with Abe on amending the Constitution by expressing a willingness to pass a national referendum bill during the current Diet session. But he also tried to constrain Abe, who is eager to speed up the process of amending the Constitution by stating:

"During the three years from the passage of the referendum bill until its implementation, full-scale research on the constitution and calm debate should be carried out."

Regarding the "politics and money" scandals, Ota stressed the need for an early revision of the Political Funds Control Law, saying, "Attachment of receipts of 50,000 yen or over for office expenses should be obligatory."

Abe has repeatedly stated: "We should draft our own constitution. The ruling and opposition camps should have in-depth debate." On the handling of the Political Funds Control Law, Abe said: "Debate should occur on the issue, including the possibility of amending the law."

Ota made his remarks because he is concerned that the political drive of Prime Minister Abe does not match what the public wants. Even in the religious sect Soka Gakkai, the New Komeito's backer, the view has emerged that "we need policy measures for such immediate issues as jobs and education; and we don't think constitutional reform should be a priority issue."

Opinion polls reflect a similar view. The cabinet disapproval rate among the supporters of New Komeito was about 10 percent last October immediately after the Abe government was inaugurated. The disapproval rate increased to 20 percent in January. Thought the cabinet approval rate among New Komeito supporters has stayed high

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at about 70 percent, "moderates among the supporters" are gradually distancing themselves from Prime Minister Abe.

If the "politics and money" scandals continue, the New Komeito's distrust of the Abe government will deepen even more.

(2) Editorial: National interests negatively affected by cabinet ministers' controversial statements

SANKEI (Page 2) (Full)
January 31, 2007

Controversial remarks by cabinet ministers have been cropping up in succession as if the Abe cabinet has gone off the rails.

Prime Minister Shinzo Abe said in a ministers' meeting yesterday: "I want you to be cautious in making remarks."

However, the situation is quite serious. Such remarks might damage the national interests. The prime minister must demonstrate strong leadership, without leaving the current situation unattended. He should keep even the option of dismissals in mind.

A remark by Health, Labor and Welfare Minister Hakuo Yanagisawa has also set off sparks. In reference to countermeasures to the falling birthrate in a speech on Jan. 27, Yanagisawa said, "Since the number of baby-making machines (women) is limited, there will be no other means but for each to do her best." He later offered an apology, explaining, "I tried to give an explanation by using an economic simile." His remark is quite inappropriate and beyond common sense.

Meanwhile, a series of statements by Defense Minister Fumio Kyuma are also creating a stir, as represented by Policy Research Council Chairman Shoichi Nakagawa saying, "The relationship of trust between Japan and the US might be undermined."

Kyuma criticized President Bush's decision on the Iraq war as based on a wrong judgment. He has also made remarks critical of the response by the US government to the issue of the relocation of the US Marine Corps' Futenma Air Station, such as, "The US should not be so arrogant."

The US has already expressed its displeasure at Kyuma's criticism of President Bush. Although Japan is searching for the possibility of holding a Japan-US Security Consultative Committee (2+2) meeting this month, a US government official commented, "It is difficult to hold a meeting under the present situation."

Since assuming his current post, Defense Minister Kyuma has made a series of statements inconsistent with Prime Minister Abe's views on security issues. On the possibility of Japan intercepting a ballistic missile heading over Japan toward the US, too, the prime minister indicated that Japan should study the possibility, in view of the right to collective self-defense, but the defense minister took a cautious view.

We do not want to take the view that the defense minister has made light of the Japan-US alliance relationship, but his controversial remarks have worked to weaken the Japan-US security arrangement, which is the lifeline for peace and safety in Japan. This is really something grave.

In an opinion survey conducted by FNN on Jan. 27-28, 61 PERCENT of
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respondents said they were "not pleased" with the prime minister's leadership, while only 16 PERCENT said they were "pleased." If the prime minister remains silent about the lack of unity in the cabinet, it might be the end of the road for his administration.

(3) Behind-the-scenes tug-of-war over JBIC: Finance Ministry resisting proposal for unifying government-affiliated financial institutions

SANKEI (Page 11) (Full)
January 31, 2007

The government intends to submit a bill for establishing a Japan Policy Finance Corporation, a new government-affiliated financial institution, to the current Diet session. In this connection, a battle is continuing over a plan to keep only the Japan Bank for International Cooperation (JBIC) under the jurisdiction of the Finance Ministry in place as an exception to the reorganization of government-affiliated banks. The Council on Economic and Fiscal Policy (CEFP) has decided to unify public lenders, including the JBIC, into one. However, the Finance Ministry (MOF) has coordinated views with the intention to incorporate a regulation for making the JBIC a separate entity. However, the CEFP on Jan. 29 rejected this proposal for making the JBIC a separate entity without amending related laws. How this will be settled has yet to be determined.

It has already been decided that among services offered by the JBIC, official development assistance (ODA) operations are to be transferred to the Japan International Cooperation Agency (JICA), and its international financing sector is to be consolidated along with four other government-affiliated institutions, such as the National Life Finance Corporation and the Japan Finance Corporation for Small Business.

However, since then Finance Minister Sadakazu Tanigaki fiercely opposed a proposal for integrating the JBIC and other public lenders, a settlement was in the end reached with Prime Minister Junichiro Koizumi lashing out at those who lack a desire to implement reform as forces of resistance. For this reason, discontent is smoldering in the MOF even now.

MOF is seemingly taking a cautious stance toward the idea of making the JBIC a separate entity with, Vice MOF Minister Hideto Fujii noting, "It is unthinkable to make the JBIC a separate entity without amending relevant laws." However, since the outline of the legislation was revealed last December, MOF is determined to bring about a role-back. As a result, a plan to incorporate a regulation allowing establishment of the JBIC as a separate institution into an agreement stipulating that the MOF minister, the competent minister in charge of the integrated institution, and others decide on the form of the organization to be created anew has surfaced.

However, opposing such a drive pursued by MOF, State Minister in charge of Administrative Reform Yoshimi Watanabe during a CEFP meeting on Jan. 29 presented the outline of the legislation, which categorically mentioned that international financing operations will be carried out under the name of the JBIC, but it is impossible to establish a subsidiary unless related laws are amended. State Minister for Economic and Fiscal Policy Hiroko Ota stressed to a news conference, "Participants highly evaluated the legislation."

The outline of the legislation adopted MOF's view that using the name of the JBIC for the international financing section will give

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international trustworthiness to it. However, since the JBIC governor and deputy governor are former MOF officials, a way to essentially keep the JBIC intact has been cut off due to strong criticism from the Prime Minister's Office (Kantei) that leaving the JBIC intact means preserving an organization that accepts retired MOF officials.

The Japan Policy Finance Corporation bill is expected to be submitted before the end of February. However, since MOF is expected to press ahead with its efforts to secure its interests, a behind-the-scenes tug-of-war is expected.

ASTERISK The government's Experts Council on Administrative Downsizing and Promotion of Streamlining (chaired by Yuzaburo Mogi, chairman of Kikkoman) met yesterday at the Kantei. Participants approved the outline of the bill privatizing the JBIC and Shokochukin Bank in the drive to reform government affiliated financial institutions and approved that the bill be submitted to the Diet by Feb. 13, the deadline for the submission of budget-related bills. The panel will again discuss the specifics of the Japan Policy Finance Corporation bill with the aim of submitting the bill before the end of February.

SCHIEFFER